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**BOE VARITRONIX LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 710)**

**2025 INTERIM RESULTS ANNOUNCEMENT**

**CHAIRMAN'S STATEMENT**

**Highlights**

<b>HK\$ million (Unless otherwise indicated)</b>	<b>For the six months ended 30 June 2025</b>	<b>For the six months ended 30 June 2024</b>
Revenue	6,671	6,157
EBITDA <sup>1</sup>	338	315
Profit Attributable to Shareholders	180.5	172.1
Basic Earnings per Share	22.9 HK cents	21.9 HK cents
Diluted Earnings per Share	22.8 HK cents	21.8 HK cents
Operating cash inflow	533	795
	<b>As of 30 June 2025</b>	<b>As of 31 December 2024</b>
Cash resources <sup>2</sup>	4,748	4,122
Cash and Fixed Deposits Balance	3,772	3,544

<sup>1</sup> EBITDA means profit for the period plus the following to the extent deducted in calculating such profit for the period: finance costs, income tax, depreciation and amortisation.

<sup>2</sup> Cash resources include cash and cash equivalents, fixed deposits, current other financial assets and restricted bank deposits.

On behalf of BOE Varitronix Limited (the “Company”) and its subsidiaries (“BOEVx” or the “Group”), I am pleased to present the results for the six months ended 30 June 2025 (the “period under review”).

During the period under review, revenue of HK\$6,671 million was recorded, an increase of approximately 8% when compared with HK\$6,157 million recorded for the same period of 2024. EBITDA of the Group was HK\$338 million, approximately 7% higher than HK\$315 million recorded for the same period of 2024. The profit attributable to shareholders was HK\$180.5 million, an increase of approximately 5%, when compared to

that for the same period of 2024.

With the careful working capital management, the Group has strong cash resources and in a net cash position. As at 30 June 2025, the Group has total cash resources of HK\$4,748 million, compared to HK\$4,122 million at the end of 2024, an increase of HK\$626 million or approximately 15%. The Group has bank loans of HK\$434 million as at 30 June 2025, an increase of approximately 16% when compared with HK\$376 million as at the end of 2024. Among the bank loans of HK\$434 million, HK\$176 million is long-term borrowing which mainly to facilitate our capital expenditure. The Group is committed to maintain the bank borrowings at an appropriate level to maintain a healthy gearing, with main source of funding from its operation.

The Group's revenue growth was primarily attributable to the increase of sales of our Thin Film Transistor ("TFT") products, touch panel display modules, and automotive system products. The growth is primarily attributed to the demand of our leading customer in China.

The Group's TFT module business and touch panel display module business contributed around 94% of the Group's revenue while the revenue from monochrome display business decreased in its contribution during the period under review. Among the Group's revenue, automotive display business contributes 94% and the remaining mainly represents industrial display business.

Competition within the automotive industry, especially, those related to electric vehicle is becoming fiercer, with price, functions and quality competing tight, and in return, impacting profitability across its entire supply chain. As a result, our gross profit margin was affected by the impact of price adjustments and the switch in the product mix.

In the execution of our three-step development strategy, we increased the investment in automotive display system business by additional investment in R&D related costs, such as material and human resources. We have also invested additional cost for the Vietnam plant to cater for the geo-political instability and needs of overseas customers. Meanwhile, there was additional provision on trade receivable as a precautionary measure for the possible volatility of customers' performance; increase in staff costs to enhance our production capacity and quality, and increase in procurement of factory consumables to improve our quality and for the additional need for self-made production which collectively hinder our profitability in a short to middle term.

We strive to overcome the above cost pressure by improving profitability of our other part of business, our net interest income from deposits and other financial assets; grants from government; and the profit on equity investment in a share listed on the Stock Exchange of Hong Kong were improved resulting an overall improvement of our profit attributable to shareholders to HK\$180.5 million, an increase of approximately 5% compared to that of the same period last year.

With the more stable operation of our manufacturing facilities in Chengdu, China (the "Chengdu Plant"), improving working capital management, our measures in improving

market expansion, quality and in reducing costs, we are committed to reducing production and operating costs to enhance our profitability.

EBITDA has increased by approximately 7% to HK\$338 million, with EBITDA margin of approximately 5.1% (30 June 2024: 5.1%) of the Group's revenue. The increase was mainly due to the same factors as the increase of profit attributable to shareholders mentioned above. The higher magnitude in increase as compared to that of the profit attributable to shareholders was mainly due to the impact of tax expenses for the compliance with new tax regulation.

## **DIVIDENDS**

The Group has no change in its dividend policy.

The Board (the "Board") of Directors (the "Director") has resolved not to declare an interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

## **BUSINESS REVIEW**

### **Automotive Display Business**

For the period under review, the revenue for the automotive display business was HK\$6,245 million, an increase of 9% as compared to that of HK\$5,752 million for the same period 2024. The automotive display business represented approximately 94% of the Group's overall revenue. Our systems business has emerged as a new growth factor, focusing on intelligent display systems, advanced display systems, intelligent cockpit systems, overseas display systems, and other related product offerings. Revenue from our systems business has significant growth compared to that of 2024.

The New Energy Vehicle ("NEV") industry is experiencing significant growth. According to Rho Motion, NEV sales continuing to grow rapidly in the first half of 2025, we have effectively captured the opportunities and allowed us to maintain number one market share in the global automotive display market in terms of delivery quantity and area, and in particular, delivery for displays 8 inches and above in size according to Omdia data. Additionally, our market share in Low Temperature Poly-silicon ("LTPS") and oxide technologies is steadily increasing. We have sustained the advantages of our existing business, and the market has also recognized the development of our new technologies.

In the People's Republic of China (the "PRC"), we have observed substantial growth in our sales. As a strategically prioritized industry, the Chinese government remains committed to fully supporting the NEV sector. Alongside the reintroduction of trade-in subsidies, the government is actively promoting the adoption of NEVs in public services and commercial vehicles to further enhance green transportation and foster a low-carbon economy.

China has emerged as the premier location for NEV development, with Sino-foreign joint ventures becoming the norm. Our customers' headquarter and decision-making unit cover all over the world, and with the increasing overall manufacturing, subcontracting, processing capability of our global customers in the PRC, customers whose decision-making centers are located in the PRC contributes the most of our revenue. Our customer base has been expanding and covers a majority of the top 20 PRC automotive manufacturers, NEV manufacturers and overseas automotive manufacturers. To further strengthen these business relationships, we have established strategic partnerships with most of the leading PRC NEV automotive manufacturers. Through strategies such as joint development of new technologies, offering high-value products at competitive prices, and delivering high-quality solutions.

Our overseas operations are facing challenges stemming from a variety of unstable factors. Geopolitical tensions leading to policy instability, war-related energy shortages, and high interest rates have all influenced consumer demand. The aforementioned factors impacted our revenue from the United States. Nevertheless, with our vigorous marketing and R&D efforts, we still achieved revenue growth from Europe with increase in both quantities sold and average selling price. We have also collaborated closely with our leading Tier-1 partners to secure orders from overseas automotive manufacturers and enhance our customer service capabilities, including increase our expert workforce to provide system-related products to overseas well-known customers and achieved breakthrough in gaining new system related overseas orders.

We strategically allocated our production capacity between the off-season and peak season to enhance efficiency during the off-season and meet demand of customers during peak demand. Additionally, we have implemented a platform production strategy to reduce production costs. Our production facilities in Heyuan have been operating efficiently, delivering high-quality and advanced products. The output value of Heyuan factory has increased compared to the same period of 2024, providing solid support for our business development. The manufacturing facilities in Chengdu, China (the "Chengdu Plant") was set up in late 2022, it has been ramped up to achieve higher output, better operational efficiency to enhance our profitability of the automotive display business as compared with the same period of 2024.

Our system business is the key of our "three-step development strategy". Through our ongoing efforts in R&D and market expansion, we have strengthened our R&D capacity to create projects that are specifically tailored to meet customer needs. We have successfully passed the technical review of major automobile companies and gained entry into their global Tier-1 supplier list, while also achieving significant progress with our new customer projects. The composition of our customer base has become more diverse and resilient. Additionally, with the mass production of orders obtained in previous years, our revenue from the system business grow significantly in 2025. As the system business is still in growing stage, this segment suffered from loss and we are trying to improve its profitability through improvement in customers confidence, economy of scale, supply-chain management.

We always put quality the first, apart from those already in place, we established Key Performance Indicators (“KPIs”) for suppliers, ranked them based on quality compliance to encourage continuous improvement for any non-compliant projects. We conducted regular meetings with suppliers to facilitate root cause analysis and enhance quality. We also designated specific months as the “Quality month” during the year to thoroughly review the quality performance of suppliers. Beyond our quality enhancement initiatives, we actively engaged in the suppliers' quality platforms to articulate our needs and advocate for timely improvements in raw materials.

To achieve timely and effective measures, we are shifting certain of our quality inspection measures approximate to the suppliers' or customers' facilities and to conduct necessary inspections, ensuring that the quality meets the required standards. Through our ongoing efforts, we have significantly enhanced our quality, reducing cost of quality and have received supplier awards from numerous leading NEV manufacturers.

### **Industrial Display Business**

For the period under review, the industrial display business generated revenue of HK\$426 million, an increase of approximately 5% from HK\$406 million recorded for 2024. This business represented approximately 6% of the Group's overall revenue.

The increase in revenue during the period under review was primarily due to increased demand for consumer electronic products. We will continue to focus on promoting our products for new applications and emerging markets, and discover new opportunities.

## **INDUSTRY REVIEW**

In the first half of 2025, global political tensions have continued to escalate, with intensified geopolitical conflicts leading to wars and impacting international trade activities. High interest rates have also posed challenges to economic growth across various regions. Nevertheless, the global NEV industry remains robust, experiencing strong growth, accelerated technological innovation, intensified market competition, and distinct regional market differentiation.

The PRC market continues to be the primary growth driver for the NEV industry. The NEV sector is a key priority for the PRC government, which has introduced a range of supportive policies. These include the renewal of trade-in subsidies for older vehicles, the promotion of high-power charging infrastructure, the adoption of NEVs in public services and commercial transportation, initiatives to encourage NEV use in rural areas, the development of smart vehicle infrastructure, and various tax incentives. Collectively, these measures are fuelling rapid growth in the PRC NEV industry.

According to statistics from the China Association of Automobile Manufacturers (“CAAM”) in the first half of 2025, the production and sales volume of NEVs from automotive manufacturers in the PRC recorded a period-over-period growth of 41.4% and 40.3% respectively, reaching 6.9 million units. The sales volume of NEVs accounted for 44.3% of the total new vehicle sales volume. The NEV industry has become an important driving force behind the PRC industrial economic growth.

According to the CAAM, sales of NEV passenger cars priced between RMB 300,000 and RMB 400,000 have declined, while vehicles priced between RMB 100,000 and RMB 200,000 have captured the largest market share and experienced growth. This indicates that consumers are prioritizing affordable or those with high cost-performance ratio vehicles over luxury cars.

As consumers increasingly prioritize cost-performance ratio, certain NEV manufacturers are excelling itself by technology advancement, making sophisticated features such as intelligence cockpits with affordable prices, which drives NEV to become more desirable. The integration of artificial intelligence into the automotive sector emerges new demand and new market opportunities.

Customs import and export data reveals that from January to June 2025, automobile imports totaled 224,000 units, representing a period-on-period decrease of 32.4%. Conversely, automobile exports reached 3.5 million units, reflecting a period-on-period increase of 18.6%. The PRC's automobile industry is currently in a net export position. Notably, NEVs stand out in this context, with passenger NEV exports growing by 71.3% and commercial NEV exports increasing by 230% in the first half of 2025. This trend demonstrates that PRC automobile brands, particularly in the NEV sector, are gaining recognition in overseas markets for their quality, advanced features, and cost-effectiveness, international markets are poised to become a significant growth area for PRC NEV brands.

Globally, the European and U.S. markets are currently facing several short-term challenges. In the broader macroeconomic landscape, factors such as economic downturns, a slower-than-expected decline in interest rates, and geopolitical conflicts have adversely affected consumer demand for vehicles. Despite this challenging environment, the European market still experienced substantial growth. According to Rho Motion, NEV sales in Europe have an overall growth of 26% in the first half of 2025.

On July 4, 2025, the European Commission announced that it would invest 852 million euros to support six innovative electric vehicle battery manufacturing projects, and could foster the growth of NEVs in future.

In North America, sales of NEV growth slowed to 3% in the first half of 2025. The U.S. government's shift toward supporting fuel-powered vehicles and the withdrawal of tax credits for electric vehicles have also impacted the NEV industry. Automotive industry representatives have urged the Canadian government to reconsider its policy mandating the exclusive sale of electric vehicles by 2035, as they believe it could impede the growth of the automotive sector. These could pave uncertainties to the growth of NEVs in the region.

The Japanese market is experiencing sluggishness, with continued weakness in NEV sales. Traditional automakers primarily focus on hybrid electric vehicles (HEVs), resulting in a significantly lower market penetration rate for pure electric vehicles compared to China and Europe. Additionally, policies and infrastructure development are lagging hindering consumer acceptance of electric vehicles.

South Korea's market for NEV and charging infrastructure is projected to continue growing and innovating. Government policy initiatives, technological advancements, and rising market demand will drive this development. The South Korean government has set a target to increase the number of electric vehicles to 2 million by 2030 (end of 2024: around 500,000 registered) and intends to expedite the construction of charging stations. Consumer acceptance of electric vehicles is rising not only due to environmental considerations but also because of improvements in battery life, advancements in fast charging networks, and reduced vehicle costs facilitated by policy subsidies. To further encourage electric vehicle purchases, the South Korean government also offers car purchase subsidies and tax incentives.

Currently, local Korean automakers hold a leading share of the electric vehicle market in Korea, presenting a challenge and opportunity for Chinese automotive companies.

For other large emerging market, such as India, it has implemented measures such as tax reductions and exemptions from registration fees, signaling that NEVs are garnering increasing attention from economies.

For the overall market, those leading automotive companies will achieve higher sales volume with price competitiveness, product feature and brand loyalty, while those smaller players will face sales pressure.

## **BUSINESS OUTLOOK**

We believe our automotive business will continue to be the core focus of our operations. The Automotive Display segment presents us with ample growth opportunities. The Industrial Display sector has diversified and demonstrates considerable market potential, positioning it as our primary business focus. The automotive display and industrial display segments will serve as the two main drivers of our growth.

Overall, the escalation of global geopolitical tensions may result in tariffs on new energy vehicles manufactured in China and may adversely impact those automotive manufacturers as well as their suppliers, including us. Supportive policies from governments in major economies for electric vehicles will directly influence our customers' sales, potentially impacting their product competitiveness and, consequently, our revenue and profitability. To mitigate these risks, we are proactively exploring emerging markets and establishing overseas production bases to counteract tariffs and other potential challenges.

Additionally, as competition within the industry intensifies, we will closely monitor the risk levels associated with our customers and implement necessary credit management measures to minimize credit related losses related to trade receivables.

The competition in the market is keen with more of the players joining, we will also rigorously assess the efficiency of our production facilities, aiming to enhance operational efficiency and reduce losses during the capacity expansion process. Furthermore, we will enforce stricter procurement controls and quality assurance measures to minimize the risk of excessive inventory provisions and associated losses.

### **Automotive Display Business**

The automotive display market is experiencing rapid growth, evolving into a substantial industry valued at hundreds of billions of Hong Kong dollars. According to a market research report by Global Information, the global automotive display equipment market is expected to reach 400 billion Hong Kong dollars by 2030, with a compound annual growth rate (CAGR) of 9.93% from 2024 to 2030, highlighting strong growth potential.

In terms of product mix, liquid crystal display (LCD) technology remains the dominant solution due to its cost-effectiveness compared to organic light-emitting diode (OLED) technology, which involves a more complex manufacturing process and higher investment costs. As demand for higher-quality displays increases, we anticipate the adoption of more advanced technologies, as detailed in the Technology Development section below. We will collaborate with our suppliers to leverage its new 8.6-generation OLED production line in Chengdu to enhance our competitiveness when appropriate.



As mentioned in section headed Industry Review, the automotive industry undergoes digital transformation, automotive display systems have evolved from traditional, simplistic dashboards to interactive hubs that integrate information, control, and entertainment functions. Modern vehicles increasingly employ advanced display technologies that merge connectivity, functionality, and aesthetics, thereby enhancing the user experience for both drivers and passengers.

This evolution is driven not only by consumer expectations for smart cockpits and enriched in-car experiences, but also by manufacturers' strategies to strengthen brand differentiation through innovative display technologies in a highly competitive environment. Traditional dashboards are gradually being replaced by multi-dimensional, complex, and highly integrated display systems, making them essential components of smart vehicles.

With the growing trend of intelligent and connected automobiles, along with the rapid adoption of new energy vehicles, cars are now equipped with various types of displays, including instrument panels, central control displays, co-pilot screens, rear-seat entertainment screens, and head-up displays. Global demand for automotive displays is on the rise. Furthermore, automobile manufacturers are increasingly seeking intelligent solutions based on display technology and have higher cost-performance ratio models, leading to a growing demand for interactivity, multi-screen and large-screen displays.

We anticipate that the expansion of the industry will create additional revenue and profitability opportunities and this attracted intensifying competition, market share of less competitive players is being conquered by the prominent players through price wars and the supply chains are adapting to the new industry dynamics. In light of the intense market competition, we will enhance our risk awareness, concentrate on our leading customers, continuously improve product quality and technical capabilities, optimize factory operational efficiency and services, and strive for leap in quality so to minimize the risk of reduction in profitability. We will also implement strict credit control measures and apply credit insurance to ensure that customer credit risks are effectively managed.

Our production facilities have seen improvements in efficiency, output value, and quality. Promoting platform-based design while reducing development and maintenance costs will be key directions for our future development. Moving forward, we will closely integrate production activities with sales, procurement, and quality management to minimize unnecessary inventory accumulation, reduce production costs, improve quality and enhance our profit margins.

There is growing market demand, diverse supply chain cost, delivery term, production location requirements of our customers. If our suppliers are unable to meet requirements for location, cost, quantity, quality or timing, we could suffer supply shortages or increase in procurement cost. We have expanded our supplier sourcing to enhance diversity to manage the stability of supply chain. In addition, we are exploring various strategies to meet these needs, including expanding the existing plants, exploring for overseas mergers and acquisitions, as well as the establishment of production base overseas. Such capital expenditures will be implemented gradually, with the objective of aligning order intake with production capacity. We expect an increase capital expenditure and initial cost for setting up those new plants and production facilities.

The current geo-political conflicts are intensifying, it could be a threat to our business. Our overseas sales may be subject to additional tariffs or other trade barriers and lead to additional costs. We have actively sought different remedies including transfer of additional costs to suppliers and /or customers, exploring the opportunities of setting up overseas production plant and cooperation with overseas partners to counteract the potential impact of tariffs and other geo-political risks.

Our costs may increase due to market demand in talents and logistic. To maintain competitiveness and secure advantages, we have been continuously enhancing our investment in employees by providing more trainings, apply the use of more automatic production process and improve product packaging to improve our cost efficiency. We have also recruited more talent to maintain the effectiveness of R&D, exploration of business so to drive a higher revenue per our staff.

## **Industrial and Other Display Business**

The industrial and other display market presents a significant growth opportunity. According to a report from Grand View Research, Inc., the global industrial display market is expected to surpass HK\$60 billion by 2030, with a compound annual growth rate of 6.7% from 2025 to 2030.

This sector is marked by long product cycles and stable demand, which enables us to sustain consistent business activity. We have built a strong customer base and established partnerships in the industrial and other display markets, positioning ourselves to pursue the development of high-end, high-tech, and high-margin products. The industrial display sector offers a wide range of application opportunities, including unmanned stores, exhibition halls, public transportation, aviation, railway stations, long-distance bus terminals, parking and charging facilities, vending machines, new-generation desks, home appliances, human-machine interface products, and automotive peripherals.

We will enhance our customer service and marketing strategies, promoting closer communication with clients to better understand their needs. By providing additional functionalities beyond standard displays, we aim to deliver optimal solutions for our customers. With our extensive industry expertise, robust supply chain, and strong customer relationships, we are confident that further advancements in these areas will drive growth

for us.

## **STRATEGIC DEVELOPMENT PLAN**

With a long establishment, we have made significant progress in strengthening our internal capabilities and securing sufficient cash and resource reserves to support our rapid expansion. Maintaining an asset-light model, we leverage the existing production and R&D capacity of BOE Technology Group Co., Ltd. and its subsidiaries (the “BOE Group”) across various locations to meet market demand with relatively modest investments.

In the automotive business, we maintain a strong position in high-end and large-size product areas, leveraging our advanced production lines and a continuously improving quality. This enables us to remain competitive in cost, production capacity, quality, and technology. Our controlling shareholder, the BOE Technology Group Co., Ltd., provides unparalleled resources in R&D technology and production capacity, positioning us to excel in the automotive technology upgrade market, including OLED, system products, and artificial intelligence.

Expanding overseas markets is a core focus of our business strategy, we aim to meet 50:50 local and overseas sales strategy in soon coming years. We will actively participate in global exhibitions to showcase our technological innovations, understand customers' future development needs, and assess the technical landscape of competitors. By strengthening strategic partnerships with leading customers, we aim to explore new business opportunities and increase our investment in emerging markets with high potential to boost local market share. To better support customers' R&D needs, we will expand our overseas sales team and enhance our R&D and manufacturing bases, ensuring customized and responsive services.

The Group is committed to expanding its automotive display business and consolidating its market leadership with clear short-term and long-term strategic goals. We will continue to execute our “three-step development strategy”, that is to further strengthen the leading position of the automotive display device business, then increasing market share in the automotive display system business, and ultimately seizing development opportunities in system and smart cockpit solutions. Our “HERO” (Healthiness, Entertainment, Relaxation and Office) application initiative together with the smart cockpit solutions empowered by AI have already been launched in the Chinese market, we will further enhance the integration of display systems and improve human-computer interaction within automotive systems. We have gained more recognition from leading automotive customers as Tier-1 supplier through gaining more technical and required capability certification, these will give us a higher competitive edge in the future business development.

Beyond automotive, we will leverage existing resources to explore opportunities in industrial and other display sectors, driving rapid growth in our “Twin Engine” business model.

We will also enhance our digital management system, utilizing artificial intelligence to improve operational and administrative efficiency.

Sustainable development is crucial to our success, and we prioritize environmental protection. Our production plants regularly monitor pollutant emissions, adopting a collaborative supply chain approach to sustainable development management. We have set ambitious goals to reduce carbon emissions, energy and water consumption, and waste, aiming for “carbon neutrality” by 2050. Our annual supplier quality conferences further strengthen communication and cooperation with suppliers, ensuring high-quality products and services while maintaining environmental sustainability.

## **TECHNOLOGY DEVELOPMENT**

As the core business area of the Group, the Company will adhere to the “V+” business strategy and the “Vehicle” concept, continue to deepen its presence in the automotive field, and actively build a new smart cockpit display ecosystem with global competitiveness along the “three-step” strategic development path of devices-systems-smart cockpits through in-depth technological evolution and diversified scenario expansion.

The technical specifications and product forms of current automotive display products are constantly evolving. High-end technologies such as Oxide, OLED, and LTPS, as well as large-size products, are driving the market's continued growth. At the same time, system business has grown in scale, and its diversified product lines are constantly extending; it continues to focus on overseas markets and expand high-quality head customers, which has become a new engine driving the Company's innovative growth.

In terms of the cockpit, the Group has fully integrated cutting-edge technologies such as AI and multimodal interaction into the overall smart cockpit solution. The “HERO” smart cockpit concept has been highly recognized by the market and will become an important part of driving business growth in the future.

Pan-industry is a business field that the Group has been deeply engaged in for more than 40 years. It is currently widely used in high-end commercial systems, new energy, electricity, rail transit, civil aviation, testing equipment and other market segments, and its partner companies have covered the world's top brands.

Facing new opportunities in the era of intelligence, the Group has further introduced cutting-edge technologies such as AI and new industrial products, and while deepening its presence in existing market segments, it has continued to expand into high-end markets with great potential, such as embodied intelligence, low-altitude economy, and high-priced consumer terminals. It has internalized and externalized the “Various” concept of the “V+” strategy, and with vehicle-mounted technology as the axis, it has promoted the deep integration of pan-industrial technology products and innovative scenarios, created a “human-vehicle-domain” multi-scenario collaborative ecosystem, and promoted the extension of application scenarios from the product chain to the scenario chain and value chain, which will become the strategic anchor for the “second curve” of corporate

innovation and development.

Technological innovation is the core driving force for the sustainable development of enterprises, and is also the internal source of vitality and commercial competitiveness. As a global leading technology company in the field of automotive displays, the Group adheres to the “Value” and “Vision” concepts of the “V+” strategy, always adheres to long-termism, and builds a solid foundation for the long-term and high-quality development of the Company through continuous technological investment.

In the past three years, the Group has invested approximately HK\$900 million in research and development (“R&D”), and the number of R&D technicians has increased to 464. The technology layout covers multiple core directions such as automotive-grade OLED devices, special-shaped structures, smart interaction, transparent imaging, HUD, etc. At the same time, it has forward-looking layouts in emerging technology fields such as AI, promoting the deep integration of AI and in-vehicle displays, and fully empowering the HERO smart cockpit application scenarios.

### **Panoramic Head-up Display (PHUD)**

PHUD is an advanced vehicle head-up display technology. PHUD uses optical technology to project key information such as navigation, vehicle speed, oil pressure, and tire pressure in colour onto the windshield in front of the driver’s line of sight. PHUD not only reduces the time the driver takes his eyes off the road, but also provides a seamless experience from A-pillar to A-pillar, allowing multiple screens to be hidden under the dashboard and connected to each other, further enhancing the driving experience.

We have several PHUD projects awarded in vehicle manufacturers. At the same time, our 44.8-inch PHUD was exhibited again at SID 2025, which received good market feedback.

### **UB Cell (ADS-Pro)**

UB Cell, a premium TV display technology solution, it integrates the cutting-edge breakthroughs of ADS Pro advanced LCD display technology, ultra-high color gamut and no color shift at all viewing angles, coupled with an ultra-high ambient light contrast ratio of 1400:1 and an ultra-low panel reflectivity of 0.7%, bringing ultimate picture quality comparable to OLED, constantly setting new benchmarks for “perfect picture quality”.

Automotive-grade UB Cell display prototype was shown for the first time with contrast ratio 2,300:1 (Conventional ADS display contrast ratio 1,400:1) at SID 2025. Further development is still undergoing with 3,000:1 as target.

## **f-OLED**

f-OLED represents the high-end flexible OLED technology solution, which has the industry leading advantages of gorgeous colors, varied forms and high integration, and brings users an immersive experience anytime and anywhere.

A number of automotive f-OLED projects have entered the mass production stage.

We are developing a number of new technologies, such as LCE (Light Control on Encapsulation), which can avoid windshield reflection, significantly improve driving safety, and effectively eliminate moiré and ghosting.

Besides, SPD (Switchable Privacy Display), which supports free switching between share mode and privacy mode, ensuring that passenger information display entertainment content won't causing driver distraction, further enhancing driving safety and privacy needs.

## **Light Field Screen Technology**

Light Field Screen Technology uses light field technology to increase the viewing distance through multiple refraction and reflection of light. It can realize large-screen long-distance imaging display in the limited space in the car. It not only provides a wider field of view for rear seat passengers, but also effectively reduces visual fatigue and dizziness caused by watching the screen. At the same time, with the large-screen display, the mobile cinema experience in the vehicle is truly realized, which greatly enriches the entertainment scenes in the cockpit.

In the first half of 2025, we completed the prototype development and participated in the SID exhibition in the United States in May, attracting much attention from customers. In the second half of the year, we will continue to upgrade and repeatedly calculate to launch more optimized products. At the same time, we will also actively expand new industrial products scenarios to enable this technology to be applied in more fields, such as learning, education, gaming and other scenarios.

## **Dual View Dual Touch Display Technology**

Dual-view display technology is a technology that can display images from two different angles on the same screen, enabling observers from different angles to see different contents, realizing multi-user interaction, simplifying vehicle space and reducing load. The product has a wide range of application scenarios in aviation, high-speed rail, vehicle-mounted, medical treatment, education and training and other fields.

In the first half of 2025, we successfully implemented the dual-view and dual-touch display function and produced a POC prototype. Through our active promotion, we have attracted the attention of many customers, who believe that this technology has strong novelty and the special dual-touch function can be used in more scenarios. In the second half of the year, we will actively promote it on the customer side and strive to jointly test it with customers on the automotive platform so as to achieve mass production of the product as soon as possible.

### **Privacy on Demand Technology (“POD”)**

The Privacy on Demand (POD) display has been phased into sample stage with Automotive Tier-1 in Europe, Korea and US and etc. this year. It is expected to start mass production in 2026. Based on driving safety concerns, this value-added technology will be a growing sector in the automotive business. Further improvement in privacy performance, thinner and easier to bend POD technology will be ready in the fourth quarter of 2025. With these development activities, will help BOEVx to maintain the leading position in this Switchable Privacy technology.

### **Smart Cockpit Display System**

In the development of smart cockpit display system, the Group is not only enhancing its capabilities in the existing technology product lines but also exploring more solutions.

In National Standard, we participated in the formulation of the national standard “Technical Requirements and Test Methods for Vehicle Display Terminals” led by the China Automotive Research Center and “Technical Specifications for Image Quality of Vehicle Display Terminals” of the Shenzhen 8K Ultra High Definition Video Industry Collaboration Alliance.

In terms of technological development, we have developed a dual-axis parallel intelligent control screen to overcome the difficulty of high-precision coordinated control of multiple motors. Through the independently developed precision control algorithm and high-precision servo system, we have achieved multi-degree-of-freedom compound motion coupled with dual drive states, and accurately driven the display screen to complete  $\pm 15^\circ$  horizontal deflection and  $\pm 15^\circ$  elevation adjustment of three-dimensional motion. Fine tuning is achieved through self-adjusting ergonomic algorithms, and combined with a high-contrast, wide-color gamut OLED central control screen, it provides ultimate visual immersion and silky touch interaction, redefining the human-screen interaction paradigm. This dual-axis parallel intelligent control solution is superior to the fixed central control solutions currently available on the market. It can increase driver's concentration by 20% and driving safety by 30%, and bring passengers a more comfortable driving and entertainment experience.

## **Adaptive light field headrest screen**

Through the self-developed eye tracking algorithm, the monocular measurement of viewing distance and angle is achieved, and the recognition accuracy reaches the centimeter level. Combined with the stepless rotation of the electric mechanism within the range of  $\pm 10^\circ$ , the self-adjustment of the window height and viewing frame size solves the industry pain point of the viewing distance and height limit of the telescopic screen and greatly improves the interactive experience. With a very small headrest volume, a 50-inch frame of 3 meters away is projected, and the adjustment force of the ciliary muscle is reduced by more than 90%, making it more relaxed to use the eyes.

The distortion correction algorithm solves the optical imaging deformation mechanism, comes with a professional sound field system, and combines human-machine dialogue modes such as voice and remote control to create an extremely comfortable and immersive cinema-level experience. The system has the latest HDMI, USB3.0, Type-C and wireless projection interfaces on the market, making it easy to achieve both entertainment and office work, redefining the new model of intelligent display in the cockpit.

## **OLED Under-screen fingerprint on smart steering wheel 2.0**

As a technological highlight, it is first applied to the OLED healthy smart cockpit and made its stunning debut at SID 2025. In addition to realizing in-vehicle under-screen fingerprint recognition, equipped with ECG & HOD system, and achieving high-sensitivity early warning reminders, it also realizes memory interaction between the under-screen fingerprint of OLED and smart seats for users with different IDs.

## **AI in-vehicle digital amplifier audio system**

The first self-developed acoustic product, it uses AI to enable immersive in-vehicle acoustic experience, pioneered in-vehicle original sound quality restoration technology, AIGC model implementation on the restricted end side, and multi-modal noise reduction technology architecture, significantly improving the noise reduction capability and sound quality of the amplifier. The pre-research of basic functions has been preliminarily completed, and it is planned to be exhibited at BOE IPC in 2025.

Looking ahead, the Group will continue to deepen the “automotive + pan-industrial” dual-wheel drive strategy, adhere to the long-termism and value-oriented development philosophy, and with an international, professional, market-oriented and intelligent strategic vision, give full play to the advantages of huge scale, profound technological accumulation and the powerful potential of a sound industrial ecology, and continue to write a magnificent chapter of value leap in the global technology industry wave.



## **IMPORTANT EVENT AFTER THE PERIOD ENDED 30 JUNE 2025**

The Group had no material events for disclosure subsequent to 30 June 2025 and up to the date of this announcement.

## **ACKNOWLEDGEMENT**

During the period under review, the Group has achieved higher growth in revenue as well as recovering profitability through our persisting efforts. Our customer base has broadened and solidified thanks to the trust of our business partners. The Group will continue to grasp the upcoming trend of the automotive industry and to pursue our strategy to become a leading integrated automotive smart cockpit display system solution provider. Our success and continuing growth were contributed by our management, employees, shareholders, investors and business partners, on behalf of the Board, I would like to express my sincere gratitude for their continuous support.

**Gao Wenbao**  
**Chairman**

**Hong Kong, 25 August 2025**

## MANAGEMENT DISCUSSION AND ANALYSIS

### STRUCTURE OF ASSETS

As at 30 June 2025, the total assets of the Group amounted to HK\$11,834 million (31 December 2024: HK\$11,465 million), such increase was mainly due to our improvement of working capital. Our cash resources\* was HK\$4,748 million as of 30 June 2025 (31 December 2024: HK\$4,122 million), the increase was attributed to our tight control of working capital. At the period end, inventories increased by approximately 4% to HK\$1,854 million (31 December 2024: HK\$1,778 million), primarily due to our strategic allocation of production capacity between the off-season and peak season to enhance efficiency during the off-season and meet demand of customers during peak season. Trade receivables have been decreased as a result of stricter aging monitoring.

\* Cash resources include cash and cash equivalents, fixed deposits, current other financial assets and restricted bank deposits.

### LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2025, the total equity of the Group was HK\$4,717 million (31 December 2024: HK\$4,600 million). The Group's current ratio, being the proportion of total current assets against total current liabilities, was 1.42 as at 30 June 2025 (31 December 2024: 1.41).

At the period end, the Group held cash resources of HK\$4,748 million (31 December 2024: HK\$4,122 million) of which HK\$3,772 million (31 December 2024: HK\$3,544 million) was in cash and fixed deposits balance, HK\$730 million (31 December 2024: HK\$390 million) was in other financial assets, and HK\$246 million (31 December 2024: HK\$188 million) was in restricted bank deposits. The increase in our overall liquid portfolio was attributed to our rigorous efforts in optimizing fund and working capital management. Additionally, the growth in other financial assets reflected our proactive initiatives to generate risk-free interest income. At the period end, the Group had bank borrowings balance of HK\$434 million (31 December 2024: HK\$376 million). The original currency of the bank borrowings of the Group are in Renminbi. Among the bank loan of HK\$434 million, HK\$176 million (31 December 2024: HK\$170 million) is long-term borrowing mainly to facilitate our capital expenditure. The Group's gearing ratio (bank borrowings over net assets) was approximately 9.2% as at 30 June 2025 (31 December 2024: 8.2%). The slight increase in gearing ratio reflects the additional borrowing for our long-term growth.

The Group's inventory turnover days (Average inventories balance over annualized cost of inventories times 365) for the period ended 30 June 2025 was 54 days (31 December 2024: 55 days). Debtor turnover days (Average trade receivables over annualized revenue times 365) for the period ended 30 June 2025 was 63 days (31 December 2024: 59 days). The increase in debtor turnover days was due to increase in customers in new business.

## CASH FLOWS

In the period under review, the Group's net cash generated from operating activities amounted to HK\$533 million (2024: HK\$795 million). The net cash generated was mainly contributed by the decrease in trade and other receivables, deposits and prepayments and other contract costs by HK\$409 million, which outweighed the increase in inventories of HK\$30 million and the decrease in trade and other payables of HK\$57 million.

Net cash used in investing activities amounted to HK\$469 million (2024: HK\$1,177 million). The payments were mainly for the purchase of property, plant and equipment of HK\$84 million (2024: HK\$436 million), increased in the placement of fixed deposits with more than three months to maturity when placed of HK\$40 million (2024: HK\$422 million) and increased in placement of other financial assets of HK\$318 million (2024: HK\$389 million).

Net cash generated from/(used in) financing activities totaled HK\$33 million (2024: HK\$(29) million). The increase of HK\$62 million in net cash from financing activities was primarily attributable to higher net proceeds from bank loans.

## CAPITAL STRUCTURE

The Group's long-term capital comprises shareholders' equity and debt, which mainly includes the share capital, retained profits and bank borrowings. There was no significant change as to the composition of capital structure of the Group during the period. The bank borrowings increased to HK\$434 million as at 30 June 2025 (31 December 2024: HK\$376 million). The original currency of bank borrowings of the Group are in Renminbi.

As at 30 June 2025, the Group has cash resources of HK\$4,748 million (31 December 2024: HK\$4,122 million), among which, cash and cash equivalents of the Group was HK\$2,889 million (31 December 2024: HK\$2,700 million).

The cash and cash equivalents are denominated in:

	As at 30 June 2025	As at 31 December 2024
Original currency	HK\$ million	HK\$ million
— RMB	1,236	1,286
— USD	1,590	1,297
— HK\$	9	13
— Other currencies	54	104
	2,889	2,700

## FOREIGN CURRENCY AND INTEREST RATE EXPOSURE

The Group is exposed to foreign currency risk primarily through sales and purchases that are with an original currency other than the functional currency of the operations. The currencies giving rise to this risk are primarily United States dollars, Euros, Japanese Yen and Renminbi.

The Group primarily hedges its foreign currency exposure by its operation and is not engaged in the use of any financial instruments for hedging purposes. However, the management monitors foreign exchange exposure from time to time and will consider hedging significant foreign currency exposure when the need arises.

As of 30 June 2025, the bank borrowings of the Group are with fixed and floating interest rate, which the balances are HK\$77 million and HK\$357 million respectively (as of 31 December 2024: HK\$30 million and HK\$346 million respectively). The Group will monitor interest rate movements and consider appropriate measures when arranging bank borrowings with floating rates.

## **FINANCIAL GUARANTEES AND CHARGE ON ASSETS**

At 30 June 2025, bank borrowings amounted to HK\$195 million (31 December 2024: HK\$196 million) is secured by certain land, buildings, machinery and equipment of a subsidiary of the Group to match its long-term development.

Save as disclosed as above, the Group had no other financial guarantees and charge on assets as at 30 June 2025 (31 December 2024: Nil).

## **COMMITMENTS**

The capital commitments outstanding at 30 June 2025 not provided in the Group's financial statements were approximately HK\$214 million (31 December 2024: HK\$204 million), mainly representing the acquisition cost of plant, machinery, tools and equipment not provided for in the financial statements. The above will be financed by internal resources of the Group and/or external financing.

## **OTHER INVESTMENTS**

As at 30 June 2025, the Group owned a diversified investment portfolio, such as equity investments in securities related to the automotive industries.

Apart from the above, there are no other material investment. The results of the above investments have been properly reflected in the unaudited financial statements for the period ended 30 June 2025.

## **CONTINGENT LIABILITIES**

As at 30 June 2025, the Company had no material contingent liabilities (31 December 2024: Nil).

## **REVIEW OF OPERATIONS**

### **REVENUE BY LOCATION OF SOURCING DECISION OF CUSTOMERS**

#### **THE PRC**

During the period under review, based on the location of sourcing decision of customers, the PRC generated revenue of HK\$4,448 million, representing an increase of approximately 21% as compared with that in 2024. Approximately 67% of the Group's total revenue was sourced from this region and mainly from automotive display business.

The NEV sector is a key priority within the vehicle industry, supported by policies such as trade-in subsidies, promotion of NEVs in rural areas, development of smart infrastructure, and tax incentives, all of which are fuelling robust growth.

Through comprehensive optimization of our supply chain, quality, production, and sales processes, we have consistently garnered the trust of our customers, established strategic partnerships with leading companies, and upheld our position as the market leader in China.

We enhance our supply chain management to effectively meet production demands while minimizing material turnaround times and mitigating the risk of material backlogs. Additionally, we have strengthened the management of supplier quality by conducting our quality conference, providing subsequent training, and collaborating with upstream partners to enhance quality performance. We have also shifted quality inspections to suppliers to prevent quality issues from affecting downstream processes and to reduce losses. Concurrently, the Chengdu Plant is optimizing production processes, upgrading personnel skills, and improving overall plant efficiency. As a result of these efforts, we have further refined our quality standards, earned customer trust, and received supplier awards from numerous core clients.

On the sales front, we maintain close communication with customers to understand their technical product requirements, establishing laboratories to consistently deliver cost-effective, high-quality, and advanced functional products. Throughout the period, the Group has successfully increased revenue across various TFT and touch panel display modules. Additionally, we partnered with several automotive manufacturers to launch automotive display for its new NEV flagship models, receiving positive market feedback. Recognizing the growing demand for larger automotive displays is crucial for our strategy. We have successfully engaged with key players in the NEV sector and secured projects for upcoming car models, which will enhance our business prospects in the coming years.

Simultaneously, our system business has made significant strides in the PRC, with a more diversified and robust Tier 1 customer base, indicating that our efforts in this area are being acknowledged by clients. This will contribute to improving our revenue structure and sustaining our growth trajectory.

With NEV penetration in the PRC exceeding 50%, the industry has transitioned into a new phase centered on intelligentization, marking a shift from rapid expansion to a highly competitive landscape where only the strongest players will succeed.

As a strategic partner to NEV manufacturers, the Group is committed to enhancing their competitiveness and meeting the growing demand for larger, more advanced display solutions. Our newly established TFT and touch panel production facilities in Chengdu significantly expand our manufacturing capabilities, enabling us to deliver standardized, cost-efficient products. In parallel, we have strengthened our workforce, technological infrastructure, and quality management systems to elevate product performance and service excellence. The Group is fully equipped to capitalize on the emerging opportunities in this evolving market.

## **EUROPE**

During the period under review, revenue of HK\$1,209 million was generated from the display business in Europe based on the location of sourcing decision of customers, which represented an increase of approximately 9% as compared with 2024. The European region contributed approximately 18% of the total revenue for the Group in the period under review.

The increase was mainly contributed by our effort in getting orders of TFT displays modules from several automotive customers in previous years and start of delivery in 2025.

During the period, the Group has successfully won contracts with several well-known European car manufacturers, establishing robust partnerships that promise a consistent stream of orders for the years ahead. With the commencement of mass production for these projects in the future, we anticipate material revenue growth from the European market.

## AMERICA

During the period under review, America generated revenue of HK\$325 million based on the location of sourcing decision of customers, contributing approximately 5% to the total revenue of the Group. The revenue has decreased by approximately 17% as compared with that of 2024.

The decrease was mainly contributed by intensifying geopolitical conflict, a slower-than-expected decline in interest rates as well as withdrawal of government incentive on NEV. Despite the adverse market conditions, the Group has been striving to grasp the NEV trend to promote our products to existing and new customers. In 2025, we participated in CES in America for the fourth consecutive year to showcase our product innovations to a global audience. The Group has been promoting our TFT display modules in America for both automotive and industrial customers to address the shift of customers' preference from monochrome display to colour display and the end-of-life of monochrome display projects, especially in the industrial sectors. The Group has been putting utmost effort to explore the opportunity to apply our display modules in different types of vehicles for the digitalization of data, and obtained positive result. With the introduction of new models by our customers, we anticipate potential revenue growth from the American market. Additionally, we believe that the increasing demand for semi-system products, which command a higher selling price, will further contribute to our business growth in this region.

We collaborate with our prominent Tier-1 customers to secure orders from international automotive companies while fostering strong customer relationships. We will increase our manpower for the local sales team in Centro America to further enhance our responsiveness to customers' needs and empowers the Group to promptly understand and response to customer's technical requirements, and to shorten the time of obtaining the orders.

To address the needs of our international customers regarding origin, cost, and technical requirements, we are implementing various strategies, including overseas mergers and acquisitions and talent development initiatives, to foster mutual growth with our customers.

## **JAPAN**

During the period under view, revenue generated from Japan based on the location of sourcing decision of customers was HK\$413 million, representing a decrease of approximately 34% from that of 2024. Japan accounted for approximately 6% of the Group's revenue.

The decrease was mainly due to the inflation and weak growth of economy, as well as weak demand in NEV as traditional automakers primarily focus on HEVs.

Our new office in Nagoya, equipped with an expanded team of local sales personnel and technicians, began operations in 2024. This development will enhance our responsiveness to customers' needs, enabling us to better understand and address technical requirements and shorten the order acquisition timeline.

In light of our strengthened sales efforts in Japan, we believe there is potential for revenue growth from the Japanese customers.

## **KOREA**

During the period under view, revenue generated from Korea based on the location of sourcing decision of customers was HK\$160 million, representing a decrease of approximately 20% from that of 2024. Korea market accounted for approximately 2% of the Group's revenue.

Revenue from Korea was mainly derived from automotive display business. The decrease in revenue during the period was mainly due to weak demand to NEV. Nevertheless, Korea will continue to be an important market to the Group and we are putting utmost effort to obtain orders from leading Tier-1 manufacturers.

In the Korean market, the government has set a target to increase the number of electric vehicles to 2 million by 2030 and intends to expedite the construction of charging stations. To further encourage electric vehicle purchases, the government offers car purchase subsidies as well as tax incentive for NEV purchase. These initiatives are expected to fuel the paid growth of NEV sales, indicating a positive outlook for NEV adoption in the Korean market going forward.



**Consolidated statement of profit or loss**  
*For the six months ended 30 June 2025 – unaudited*

	<i>Notes</i>	<b>Six months ended 30 June</b>	
		<b>2025</b> <b>HK\$'000</b>	<b>2024</b> <b>HK\$'000</b>
<b>Revenue</b>	5	<b>6,670,596</b>	6,157,319
Other operating income, net	6	<b>168,557</b>	94,770
Change in inventories of finished goods and work in progress		<b>99,890</b>	(234,154)
Raw materials and consumables used		<b>(5,572,407)</b>	(4,872,891)
Staff costs		<b>(668,871)</b>	(538,381)
Depreciation		<b>(134,760)</b>	(118,972)
Other operating expenses	7(c)	<b>(361,752)</b>	(294,040)
<b>Profit from operations</b>		<b>201,253</b>	193,651
Finance costs	7(a)	<b>(5,567)</b>	(8,540)
<b>Profit before taxation</b>	7	<b>195,686</b>	185,111
Income tax	8	<b>(26,140)</b>	(9,734)
<b>Profit for the period</b>		<b>169,546</b>	175,377
<b>Profit attributable to:</b>			
Equity shareholders of the Company		<b>180,476</b>	172,100
Non-controlling interests		<b>(10,930)</b>	3,277
		<b>169,546</b>	175,377
<b>Earnings per share for profit attributable to equity shareholders of the Company (in HK cents)</b>	10		
Basic		<b>22.9 cents</b>	21.9 cents
Diluted		<b>22.8 cents</b>	21.8 cents

## **Consolidated statement of profit or loss and other comprehensive income**

*For the six months ended 30 June 2025 – unaudited*

	<b>Six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Profit for the period</b>	<b>169,546</b>	<b>175,377</b>
<b>Other comprehensive income for the period (after tax and reclassification adjustments):</b>		
<b>Item that may be reclassified subsequently to profit or loss:</b>		
- Exchange translation adjustments: net movement in exchange reserve	<u>75,745</u>	<u>(23,776)</u>
<b>Total comprehensive income for the period</b>	<u><b>245,291</b></u>	<u><b>151,601</b></u>
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>255,274</b>	<b>148,324</b>
Non-controlling interests	<u><b>(9,983)</b></u>	<u><b>3,277</b></u>
	<u><b>245,291</b></u>	<u><b>151,601</b></u>

## Consolidated statement of financial position

At 30 June 2025 – unaudited

	Notes	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		2,041,968	2,060,385
Intangible assets		40,296	29,428
Other financial assets	12	1,726	40,186
Non-current deposits and prepayments and other contract costs		76,602	38,822
Restricted bank deposits		-	41,101
Deferred tax assets		60,135	59,718
		<u>2,220,727</u>	<u>2,269,640</u>
<b>Current assets</b>			
Inventories		1,853,813	1,778,379
Trade and other receivables, deposits and prepayments and other contract costs	11	2,950,819	3,325,957
Other financial assets	12	784,558	389,759
Current tax recoverable		5,562	9,923
Fixed deposits with more than three months to maturity when placed		883,506	843,817
Restricted bank deposits		246,130	147,326
Cash and cash equivalents		2,888,505	2,700,141
		<u>9,612,893</u>	<u>9,195,302</u>
<b>Current liabilities</b>			
Trade and other payables	13	6,296,457	6,228,142
Lease liabilities		13,273	14,793
Current tax payable		23,640	23,272
Bank loans		257,933	205,322
Deferred income		28,387	28,072
Dividends payable	9	134,095	-
		<u>6,753,785</u>	<u>6,499,601</u>

# Consolidated statement of financial position *(continued)*

*At 30 June 2025 – unaudited*

	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000
<b>Net current assets</b>	<b>2,859,108</b>	2,695,701
<b>Total assets less current liabilities</b>	<b>5,079,835</b>	4,965,341
<b>Non-current liabilities</b>		
Lease liabilities	15,781	20,113
Deferred tax liabilities	2,437	2,448
Pillar Two tax liabilities	5,500	-
Deferred income	162,584	171,821
Bank loans	176,421	170,464
	<b>362,723</b>	364,846
<b>NET ASSETS</b>	<b>4,717,112</b>	4,600,495
<b>CAPITAL AND RESERVES</b>		
Share capital	197,894	197,894
Reserves	4,463,992	4,337,392
Total equity attributable to equity shareholders of the Company	4,661,886	4,535,286
Non-controlling interests	55,226	65,209
<b>TOTAL EQUITY</b>	<b>4,717,112</b>	4,600,495

## **Notes:**

### **1. General**

The Company is incorporated in Bermuda under the Companies Act 1981 of Bermuda as an exempted company with limited liability. The Company is a public limited company with its shares listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Directors consider the ultimate controlling party of the Group to be BOE Technology Group Co., Ltd, which is incorporated in the People’s Republic of China (“PRC”). The addresses of the registered office and principal place of business of the Company are Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and Units A-F, 35/F., Legend Tower, No.7 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong respectively.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), unless otherwise stated.

The Company acts as an investment holding company. Its subsidiaries are principally engaged in the automotive and industrial display business and has monochrome display manufacturing capacity and TFT module assembly capacity.

### **2. Independent review**

The interim financial results set out in this announcement do not constitute the Group’s interim financial report for the six months ended 30 June 2025 but are extracted from that interim financial report.

The interim financial report is unaudited and has been reviewed by the auditor of the Company, KPMG in accordance with Hong Kong Standard on Review Engagement 2410, Review of interim financial information performed by the independent auditor of the entity, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). KPMG’s independent review report to the Board is included in the interim financial report to be sent to the shareholders of the Company. In addition, this interim financial report has been reviewed by the Company’s audit committee.

### **3. Basis of preparation**

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the HKICPA. It was authorised for issuance on 25 August 2025.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2025 annual financial statements.

### **4. Changes in accounting standards and its application**

The Group has applied the amendments to HKAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the HKICPA to this interim financial report for the current accounting period. The amendments do not have a material impact on this interim report as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### **5. Revenue and segment reporting**

The principal activity of the Company is investment holding. The principal activities of the Group are the design, manufacture and sale of liquid crystal displays and related products. The Group is principally engaged in the automotive and industrial display business and has monochrome display manufacturing capacity and TFT and touch panel display module assembly capacity.

#### **(a) Operating segment results**

The Group manages its business as a single unit and, accordingly, the design, manufacture and sale of liquid crystal displays and related products is the only reporting segment and virtually all of the revenue and operating profits are derived from this business segment. The interim financial report has already been presented in a manner consistent with the way in which information is reported internally to the Group’s most senior executive management for the purposes of resource allocation and performance assessment. Accordingly, no separate business segment information is disclosed.

The chief operating decision-maker has been identified as the Board. The Board reviews the Group’s internal reporting in order to assess performance and allocate resources. Management has determined that a single operating segment exists based on this internal reporting.

The Board assesses the performance of the operating segments based on revenue which is consistent with that in the interim financial report. Other information, being the total assets excluding deferred tax assets, other financial assets and current tax recoverable, all of which are managed on a central basis, are provided to the Board to assess the performance of the operating segment.

**(b) Geographic information**

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment and intangible assets ("specified non-current assets"). The geographical location is based on the location of customers is distributed. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, the location of operation to which they are allocated, in the case of intangible assets.

The Group has changed its presentation of revenue geographic information from "Revenue by Delivery Locations" to "Revenue by Location of Sourcing Decision of Customers" since the preparation of the 2024 annual report so as to enhance clarity of the reported numbers. The new presentation better reflects how the Group manage customer relationships and provides improved insights into our customer demographics and market presence. Consequently, the comparative figures for the previous reporting period have been restated to ensure consistency and comparability.

***(i) Group's revenue from external customers***

	<b>Six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Restated)</b>
The PRC (place of domicile)	<b>4,448,176</b>	3,687,551
Europe	<b>1,208,630</b>	1,105,916
America	<b>325,251</b>	391,682
Japan	<b>412,530</b>	622,591
Korea	<b>159,576</b>	198,655
Others	<b>116,433</b>	150,924
	<b>2,222,420</b>	2,469,768
Consolidated revenue	<b>6,670,596</b>	6,157,319

**(ii) Group's specified non-current assets**

	<b>At 30 June 2025 HK\$'000</b>	<b>At 31 December 2024 HK\$'000</b>
<b>Property, plant and equipment and Intangible Assets</b>		
The PRC (place of domicile)	<b>2,068,373</b>	2,074,262
Others	<b>13,891</b>	15,551
	<b><u>2,082,264</u></b>	<b><u>2,089,813</u></b>

**6. Other operating income, net**

	<b>Six months ended 30 June 2025 HK\$'000</b>	<b>2024 HK\$'000</b>
Government grants (note)	<b>59,658</b>	16,328
Interest income on financial assets measured at amortised cost	<b>52,005</b>	58,067
Net gain on current other financial assets measured at fair value through profit or loss	<b>31,835</b>	1,833
Net exchange gain	<b>9,244</b>	13,513
Realised gain on disposal of other financial assets	<b>5,751</b>	-
Net gain on disposal of property, plant and equipment	<b>1,455</b>	353
Rental receivable from operating leases	-	24
Other income	<b>8,609</b>	4,652
	<b><u>168,557</u></b>	<b><u>94,770</u></b>

Note: The amount represents the incentives granted by the government to the Group for engaging in research and development of high technology manufacturing and other subsidies of HK\$2,831,000 (2024: HK\$997,000), amortisation of government grants received in relation to acquisitions of machineries of HK\$11,963,000 (2024: HK\$14,588,000), incentive related to production of HK\$43,762,000 (2024: HK\$Nil), and incentives granted in relation to staff retention of HK\$1,102,000 (2024: HK\$743,000). There are no unfulfilled conditions attached to these government grants.



## 7. Profit before taxation

**Profit before taxation is arrived at after charging:**

		Six months ended 30 June	
		2025	2024
		HK\$'000	HK\$'000
<b>(a) Finance costs</b>			
Interest on lease liabilities	743	655	
Interest on bank borrowings	4,824	7,885	
	<u>5,567</u>	<u>8,540</u>	
<b>(b) Other items</b>			
Cost of inventories	6,100,343	5,454,644	
<b>(c) Other operating expenses</b>			
Amortisation of intangible assets	2,412	1,929	
Auditors' remuneration			
- Audit services	1,683	1,640	
- Review services	450	450	
- Other services	69	18	
Bank charges	5,392	2,800	
Building management fees	4,481	4,227	
Factory consumables, cleaning and security service expenses	24,162	17,774	
Freight charges	49,376	47,641	
Insurance expenses	3,937	2,868	
Legal and professional fees	6,716	4,164	
Office expenses	6,014	6,670	
Other taxes, surcharge & duties	18,414	15,594	
Provision of expected credit losses allowance on trade receivables	44,646	4,719	
Repair and maintenance	15,910	22,674	
Sales, marketing, commission and quality assurance expenses	63,626	52,289	
Subcontracting fees	32,989	28,264	
Trademark licence fee	12,353	13,294	
Travelling and entertainment expenses	18,802	14,883	
Utilities expenses	41,104	42,428	
Miscellaneous expenses	9,216	9,714	
	<u>361,752</u>	<u>294,040</u>	

## 8. Income tax in the consolidated statement of profit or loss

### Taxation in the consolidated statement of profit or loss represents:

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Current tax - Hong Kong Profits Tax	9,262	15,441
Pillar Two income taxes (note (iv))	5,500	-
	<u>14,762</u>	<u>15,441</u>
Current tax - Chinese Mainland income taxes	10,779	28,103
Current tax - Jurisdictions outside Hong Kong and the Chinese Mainland	729	(3,173)
Deferred tax	<u>(130)</u>	<u>(30,637)</u>
	<u>26,140</u>	<u>9,734</u>

#### (i) Hong Kong Profits Tax

The Group's operations in Hong Kong are subject to Hong Kong Profits Tax at a rate of 16.5%.

#### (ii) Chinese Mainland income taxes

The Group's operations in the Chinese Mainland are subject to Corporate Income Tax Law of the PRC. The standard Chinese Mainland Corporate Income Tax rate is 25%.

Varitronix (Heyuan) Display Technology Limited ("Varitronix Heyuan"), REHEO Technology Co. Ltd. ("REHEO") and Varitronix Automobile Electronics (Huizhou) Co., Ltd ("Varitronix Huizhou"), subsidiaries of the Group, were designated as high and new technology enterprise, which qualified for a reduced Corporate Income Tax rate of 15%. Chengdu BOE Automotive Display Technology Co., Ltd. ("Chengdu Automotive"), subsidiary of the Group was entitled to preferential tax policy of the western development and was subject to the preferential Corporate Income Tax rate of 15%. Accordingly, the Varitronix Heyuan, REHEO, Varitronix Huizhou and Chengdu Automotive's applicable tax rate are 15% for the periods ended 30 June 2025 and 2024.

Other subsidiaries of the Group incorporated in the Chinese Mainland are subject to the standard PRC Corporate Income Tax rate of 25%.

Withholding tax is levied on dividend distributions arising from profits of the Chinese Mainland entities of the Group earned after 1 January 2008 based on an applicable tax rate at 5%.

(iii) Jurisdictions outside Hong Kong and the Chinese Mainland

Taxation for subsidiaries of the Group operating outside Hong Kong and the Chinese Mainland is charged at the appropriate current rates of taxation ruling in the relevant tax jurisdictions.

(iv) Pillar Two income tax

The Company is part of a multinational enterprise group which is subject to the Global Anti-Base Erosion Model Rules (“Pillar Two model rules”) published by the Organisation for Economic Co-operation and Development.

From 1 January 2025, the Group is also liable to Pillar Two income taxes under the Hong Kong Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Ordinance 2025 for its earnings in the Hong Kong SAR and certain other jurisdictions where a domestic minimum top-up tax has not been implemented, including the Chinese Mainland.

The Group has applied the temporary mandatory exception from deferred tax accounting for the top-up tax and accounted for the tax as current tax when incurred.

## 9. Dividends

**(a) Dividends payable to equity shareholders of the Company attributable to the interim period**

The Board of Director does not recommend the payment of an interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: HK\$Nil).

**(b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved during the interim period**

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Final dividend in respect of the previous financial year, approved during the following interim period, of 17.0 HK cents (2024: 19.0 HK cents) per share	<u>134,095</u>	<u>149,660</u>

The final dividend has been recognised as dividend payable in the consolidated statement of financial position as at 30 June 2025.

## 10. Earnings per share

### (a) Basic earnings per share

The calculation of basic earnings per share is based on the consolidated profit attributable to ordinary equity shareholders of the Company of HK\$180,476,000 (six months ended 30 June 2024: HK\$172,100,000) and the weighted average of 787,908,082 ordinary shares (six months ended 30 June 2024: 787,435,694 ordinary shares) in issue during interim period.

### (b) Diluted earnings per share

The calculation of diluted earnings per share is based on the consolidated profit attributable to equity shareholders of the Company of HK\$180,476,000 (six months ended 30 June 2024: HK\$172,100,000) and the weighted average of 790,141,752 ordinary shares (six months ended 30 June 2024: 789,120,056 ordinary shares) in issue during interim period.

## 11. Trade and other receivables, deposits and prepayments and other contract costs

As at the end of the reporting period, the aging analysis of trade debtors and bills receivable (which are included in trade and other receivables, deposits and prepayments and other contract costs), based on invoice date and net of loss allowance of HK\$100,580,000 (31 December 2024: HK\$54,955,000) is as follows:

	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000
Within 60 days of the invoice issue date	1,711,256	2,140,687
61 to 90 days after the invoice issue date	451,995	435,973
91 to 120 days after the invoice issue date	304,539	183,870
More than 120 days but less than 12 months after the invoice issue date	133,114	135,036
	<u>2,600,904</u>	<u>2,895,566</u>

Trade debtors and bills receivable are generally due within 60 to 90 days from the date of billing.

## 12. Other financial assets

	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000
<b>Non-current portion</b>		
Financial assets measured at fair value through profit or loss		
- Listed equity securities in Hong Kong	-	38,486
- Unlisted equity securities outside Hong Kong	1,726	1,700
	<u>1,726</u>	<u>40,186</u>
<b>Current portion</b>		
Financial assets measured at fair value through profit or loss		
- Listed equity securities in Hong Kong	54,935	-
- Issued by financial institutions outside Hong Kong (note)	729,623	389,759
	<u>784,558</u>	<u>389,759</u>

Note: The balances as at 30 June 2025 represented the investments in the structured deposit products which were issued by our principal bankers, and with guaranteed principal and floating return.

## 13. Trade and other payables

As at the end of the reporting period, the aging analysis of trade creditors and bills payable (which are included in trade and other payables), based on the invoice date, is as follows:

	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000
Within 60 days of supplier invoice date	4,700,365	4,386,214
61 to 120 days after supplier invoice date	586,483	477,513
More than 120 days but within 12 months after supplier invoice date	110,541	297,842
More than 12 months after supplier invoice date	32,549	205,657
	<u>5,429,938</u>	<u>5,367,226</u>

## 14. Commitments

Capital commitments outstanding at the end of the reporting period not provided for in the Group's financial statements were as follows:

	<b>At 30 June 2025 HK\$'000</b>	<b>At 31 December 2024 HK\$'000</b>
Contracted for	<b>214,432</b>	<b>203,666</b>

## INTERIM DIVIDEND

The Group has no change in its dividend policy.

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

## **OTHER INFORMATION**

### **Staff**

As at 30 June 2025, the Group employed 7,562 staff (excluding temporary staff) worldwide, of whom 127 were in Hong Kong, 7,365 were in the People's Republic of China (the "PRC") and 70 were in overseas. The Group remunerates its employees (including directors) based on their performance, experience and prevailing industry practice. The Group operates a share award plan, provides rent-free quarters to certain of its employees in Hong Kong and the PRC and other fringe benefit to employees.

The Group adopts a performance-based remuneration policy. Salary adjustments and performance bonuses are based on the evaluation of job performance. The aim is to create an atmosphere that encourages top performers and provides incentives for overall employees to improve and excel.

The Group always keeps pace with the times and strives to improve human resources efficiency and corporate governance capabilities, arrange sufficient human resources, provides different training and development programmes to attract, motivate and retain talented staff.

### **Purchase, Sale or Redemption of the Company's Listed Securities (including sale of treasury shares)**

During the period ended 30 June 2025, the trustee of the Company's share award plan (adopted on 28 August 2020) (the "Share Award Plan") purchased 1,106,000 shares of the Company (representing 0.14%\* of the issued share capital of the Company) on the Stock Exchange at a total consideration of approximately HK\$5,576,000 (including purchase price of HK\$5,565,000 and transaction costs of HK\$11,000) in first half 2025. Total accumulated number of shares of the Company purchased is 15,279,000 (representing 1.93%\* of the issued shares capital of the Company) under the Share Award Plan.

During the period ended 30 June 2025, a total of 3,339,000 awarded shares (representing 0.42%\* of the issued shares capital of the Company) were granted to certain selected participants, comprising of 5 Directors and certain employees of the Group on 14 April 2025, pursuant to the Share Award Plan.

At the period ended at 30 June 2025, after deducting the 3,339,000 awarded shares granted on 14 April 2025, the total number of awarded shares that can be granted was 200,600 (representing 0.03%\* of the issued share capital of the Company) based on the accumulated 15,279,000 shares of the Company purchased in so far and was 58,252,520 (representing 7.36%\* of the issued share capital of the Company) based on the maximum number of awarded shares that can be granted at the adoption date (excluding treasury shares).

Other than the aforesaid, during the period ended 30 June 2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares).

*\*Calculated based on the Company's total number of issued share capital of 791,575,204 shares as at 30 June 2025.*

## **CORPORATE GOVERNANCE**

In the opinion of the Directors, the Company has complied with the Corporate Governance Code (the "CG Code") as set out in Appendix C1 of the Listing Rules throughout the period ended 30 June 2025, other than as summarised as below.

All information on the CG Code has been disclosed in the corporate governance report contained in the 2024 annual report of the Company issued in April 2025.

Code provision C.1.5 stipulates that independent non-executive directors and non-executive directors should attend general meetings. Mr. Chu, Howard Ho Hwa, an independent non-executive Director, was unable to attend the annual general meeting of the Company held on 25 June 2025 due to other business arrangements.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a code of conduct on securities transactions by directors (the "Code of Conduct") on terms no less exacting than those required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 of the Listing Rules. Following specific enquiry by the Company, all Directors confirmed that they have complied with the required standards as set out in the Model Code and the Code of Conduct throughout the period ended 30 June 2025.

The Company has also adopted a code of conduct on securities transactions by employees (revised on 24 July 2024) on terms no less exacting than those required standards set out in the Model Code.



## **AUDIT COMMITTEE**

The Audit Committee of the Company (the “AC”) comprises the following independent non-executive Directors: Mr. Fung, Yuk Kan Peter (Chairman of the AC), Mr. Chu, Howard Ho Hwa and Mr. Pang Chunlin as at the date of this announcement. The AC is responsible for appointment of external auditors, review of the Group’s financial information and oversight of the Group’s financial reporting system, risk management and internal control systems. It is also responsible for reviewing the interim and annual results of the Group prior to recommending them to the Board for approval. It meets regularly to review financial reporting and internal control matters and to this end has unrestricted access to both the Company’s internal and external auditors. The terms of reference of the AC are available at the websites of the Company and the Stock Exchange.

The AC has reviewed with management the accounting principles, estimates and practices adopted by the Group and discussed risk management, internal controls and financial reporting matters including the review of the interim results for the six months ended 30 June 2025 of the Company now reported on so as to ensure that an effective control and corporate governance environment is maintained.

## **REMUNERATION COMMITTEE**

The Remuneration Committee of the Company (the “RC”) is responsible for setting and monitoring the remuneration policy for all Directors and senior management of the Group. The RC comprises Mr. Fung, Yuk Kan Peter (Chairman of the RC), Mr. Gao Wenbao, Ms. Ko Wing Yan, Samantha, Mr. Chu, Howard Ho Hwa and Mr. Pang Chunlin as at the date of this announcement. There are more than half of the members are independent non-executive Directors. The terms of reference of the RC are available at the websites of the Company and the Stock Exchange

## **NOMINATION COMMITTEE**

The Nomination Committee of the Company (the “NC”) comprises Mr. Gao Wenbao (Chairman of the NC), Mr. Su Ning, Mr. Fung, Yuk Kan Peter, Mr. Chu, Howard Ho Hwa and Mr. Pang Chunlin as at the date of this announcement. Among those members of the NC, more than half of the members are independent non-executive Directors. The terms of reference of the NC are available at the websites of the Company and the Stock Exchange.

The roles and functions of the NC include reviewing the structure, size and composition of the Board at least annually, making recommendations on any proposed changes to the Board to complement the Company’s corporate strategy, identifying individuals suitably qualified to become members of the Board and selecting individuals nominated for directorship (if necessary), assessing the independence of the independent non-executive Directors and making recommendations to the Board on the appointment or re-appointment of directors and succession planning for the Directors, in particular the Chairman of the Board and the Chief Executive Officer.

## INVESTMENT COMMITTEE

The Investment Committee of the Company (the “IC”) is established to source, review (including exit) and select appropriate investment projects to achieve the Group’s advancement and transformation strategy. The IC is also responsible for the examine of the investment management risk policies, research of the Group’s capital policies and major financing plans. The IC comprises 9 members, including the Company’s directors Mr. Gao Wenbao (Chairman of the IC), Ms. Ko Wing Yan, Samantha and Mr. Su Ning and other management of the Company as at the date of this announcement.

The Board has approved and authorized the IC to make decisions on investment projects with the authorisation limits and period.

## PUBLICATION OF UNAUDITED INTERIM RESULTS AND THE INTERIM REPORT

This announcement has been published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.boevx.com](http://www.boevx.com)). The Company’s interim report for the six months ended 30 June 2025 will be despatched to the shareholders of the Company who have elected to receive printed copies and published on the websites of the Stock Exchange and the Company in due course.

By Order of the Board  
**BOE Varitronix Limited**  
**Gao Wenbao**  
Chairman

Hong Kong, 25 August 2025

*As at the date of this announcement, the Board comprises nine Directors, of whom Mr. Gao Wenbao, Ms. Ko Wing Yan, Samantha and Mr. Su Ning are executive Directors, Mr. Shao Xibin, Mr. Jin Hao and Mr. Meng Chao are non-executive Directors, and Mr. Fung, Yuk Kan Peter, Mr. Chu, Howard Ho Hwa and Mr. Pang Chunlin are independent non-executive Directors.*